



STATE OF DELAWARE

**PUBLIC SERVICE COMMISSION**  
861 SILVER LAKE BLVD.  
CANNON BUILDING, SUITE 100  
DOVER, DELAWARE 19904

TELEPHONE:  
FAX:

(302) 736-7500  
(302) 739-4849

May 4, 2015

MEMORANDUM

TO: The Chair and Members of the Commission

FROM: Malika Davis, Public Utility Analyst 

Subject: IN THE MATTER OF THE APPLICATION OF DELMARVA POWER & LIGHT COMPANY FOR APPROVAL OF MODIFICATIONS TO ITS NATURAL GAS COST RATES – PSC DOCKET NO. 14-0295F (FILED AUGUST 29, 2014)

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On April 23, 2015, Delmarva Power & Light Company (“Delmarva” or “Company”) provided the Staff of the Delaware Public Service Commission (“Commission”) and the Division of the Public Advocate with the Comparison of Gas Expense and Recovery schedule (“the Schedule”). The Schedule shows a projected over-recovery of fuel expenses (5 months actual, 7 months estimated) of \$4.5 million or 6.2% for the gas cost year November 1, 2014 – October 31, 2015. Section XX D of the Company’s Gas Tariff states “if it appears at any time during the Application Period that the use of the GCR in effect for the remainder of that period will result in ... a net over-collection of such gas costs by more than 4-1/2% of such estimate...the Company shall apply to the Commission for a change in the GCR....”<sup>1</sup>

On May 1, 2015, Delmarva submitted a request for a waiver of the requirement to file for a change in the Gas Cost Rate (“GCR”) and has provided the following reasons for requesting the waiver:

- (1) An interim period modification of rates at this time would do little to reduce the size of the over collection by the next GCR period (which begins on November 1, 2015).
  - a. The earliest that rates could be adjusted would be with meter readings on and after approximately June 1, 2015<sup>2</sup>. The heating season would be over before decreased interim rates would take effect, and, as a result, there would be little reduction in the over recovery by the time the GCR is established for the upcoming 2015-16 GCR year.
  - b. Any interim rate change must be set to reduce the over recovery over the subsequent twelve (12) month period, rather than by the end of the existing GCR

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<sup>1</sup> Order No. 5061, issued March 1, 1999 in Docket No. 98-376F.

<sup>2</sup> This date assumes that the Commission and Commission Staff would waive the normal sixty (60) day notice requirement associated with requests for rate changes.

period and thus would have only minimal impact by the end of the current GCR period.

- (2) Pursuing an interim modification of the GCR for such little benefit to customers would be an inefficient use of the time and resources of the Commission, Commission Staff, the Public Advocate and Delmarva.
- a. Accomplishing an interim GCR modification would require a significant amount of time and resources, including (1) preparation and filing of the necessary application by Delmarva; (2) review by the Commission Staff and its consultant; (3) review by the Public Advocate and its consultant; and (4) review and approval by the Commission
  - b. If the Commission were to approve the interim GCR decrease, placing the decrease into effect would also require (1) notification of customs through separate letter and billing message; and (2) programming of new interim rates into Delmarva's billing and accounting systems.

The Company has previously requested, and the Commission has approved, waivers for similar reasons in previous GCR cases.

Based on Staff's review of the Company's request and the monthly CGR reports Staff recommends that the Commission grant the Company's requested waiver of the requirement to file for a change in the CGR to correct the projected over-collection.